Case Number

Rico.

0506-0026 **Reporting Office:** Case Title: Enterprises Inc. Detroit, MI, Resident Office Subject of Report: **Activity Date:** Interview of former Director of the DWSD. February 3, 2010 **Approving Official and Date:** Reporting Official and Date: **SAC** ASAC23-FEB-2010, Approved by: 10-FEB-2010, Signed by: RAC SYNOPSIS 02/03/2010 - U.S. EPA CID Special Agent (SA) FBI SA's along with Assistant U.S. Attorney's (AUSA) former Director of the Detroit Water & Sewerage Department (DWSD). Also present was attorney **DETAILS** On February 3, 2010, U.S. EPA CID Special Agent (SA) FBI SA's along with Assistant U.S. Attorney's (AUSA) and former Director of the Detroit Water & Sewerage interviewed Department (DWSD). Also present was attorney with an overview of the investigation to date as well as the conditions provided listed in proffer letter issued by the U.S. Attorney's Office. This letter was signed by AUSA AUSA and at the beginning of the interview. , Stewart, FL 34997; San Antonio, TX 78207; DOB: ; cell phone started career working for Consolidated Edison in the City of New York in the worked for four years in Con Ed's Engineering Estimation Department and Industrial Engineering Department. also earned a degree in Industrial Management and Economics while working at Con Ed. worked as a Cost Engineer for Ebesco doing work in Mexico on went back to work for Con Ed for an additional four years in constructing a breakwater. their Government Liaison Department. was also employed for eight years by the Jamaican Water Supply in New York. Jamaican is a privately held drinking water supply company located in was the Director of Jamaican until it was purchased by the New the City of New York. York Department of Environmental Protection (NYDEP). was the Chief of Emergency Construction for NYDEP for about one year. In this capacity supervised all emergency construction contracts in the City of New York for both the sewer and water delivery systems. left NYDEP to be the Vice President United Water over their Delaware; Bethel, Pennsylvania; and Virginia offices for three or four years. then worked for Thames Water as a Vice President covering the Southeast United States and the Caribbean.

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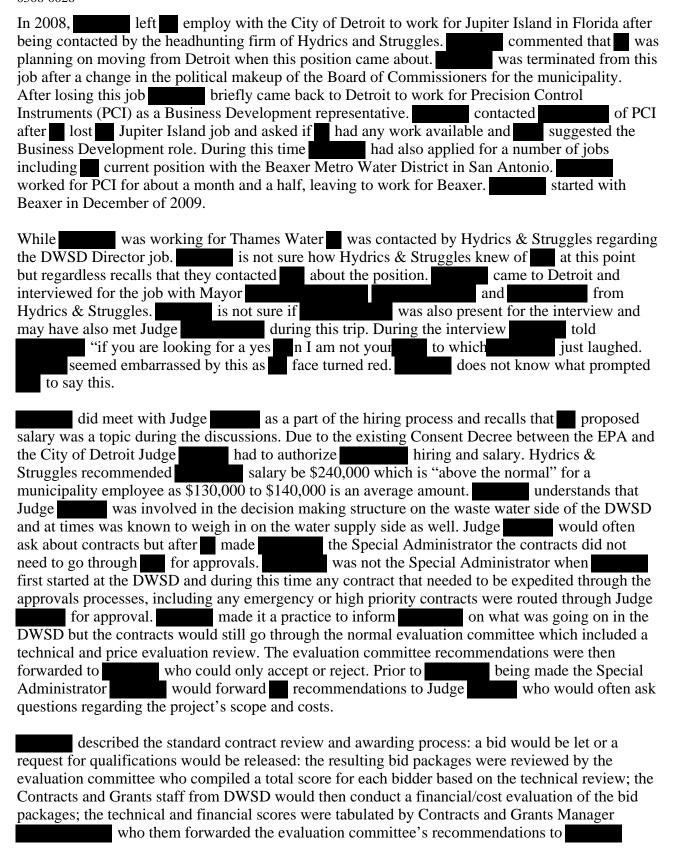
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project for Thames was overseeing the reconstruction of the North Coast Super Aqueduct in Puerto

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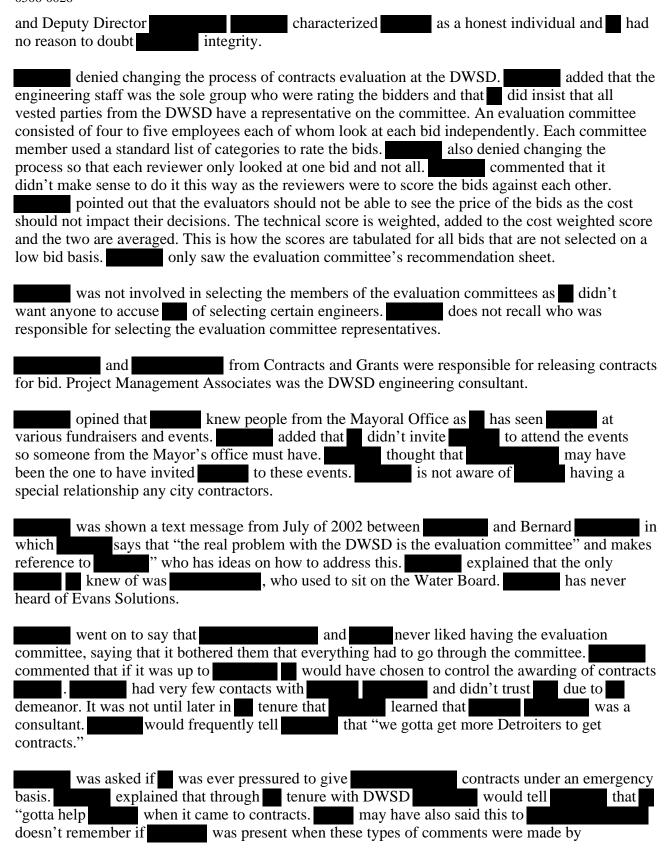
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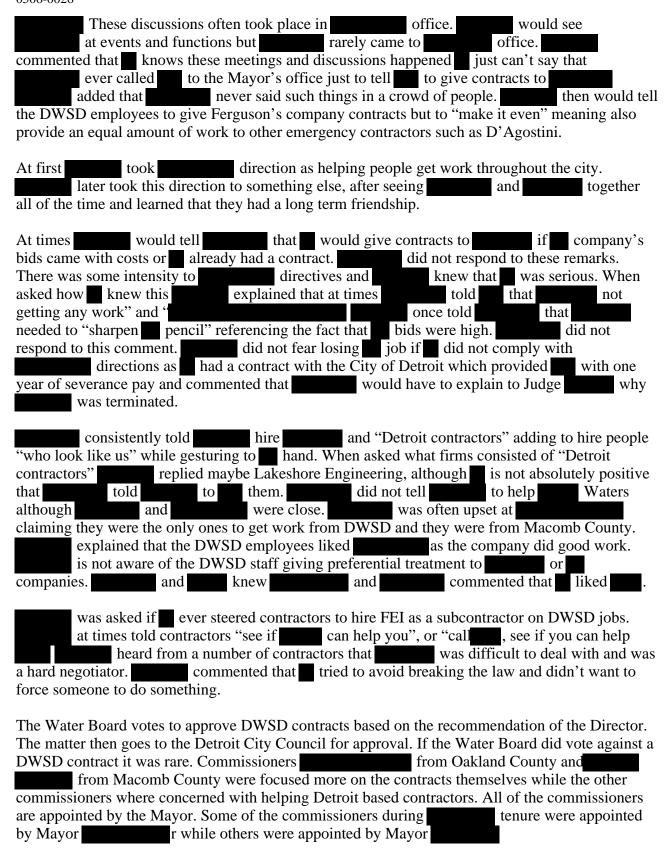
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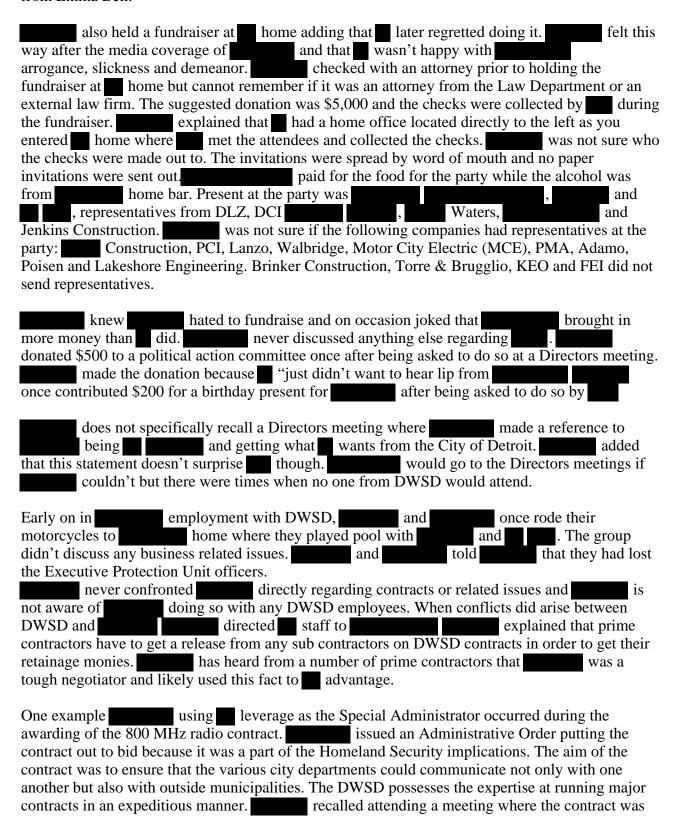
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The DWSD budget is typically \$600 to \$800 million a year and is divided fairly equally between operations and maintenance (O&M) and Capital Improvement Projects. The O&M budget is funded by water rates while the Capital Improvement Project budget is funded by a combination of sources including the sale of bonds, state and federal grants and loans from the State Revolving Fund. knows that the EPA provides grants to the DWSD but is not sure if the U.S. Department of Housing & Urban Development does. The Capital Improvement budget can be held over from year to year. Seventy five percent of the water rates funding comes from the suburbs while the remaining twenty five percent is from City of Detroit users. The City Finance Department holds all monies and the water rates funds and the grants and loans are not supposed to be comingled. was named the Special Administrator all issues, such as contracts, which had previously went to Judge now went to for review and approval. asked if this changed relationship with replied that in any way. being the Special Administrator increased the leverage that had on the DWSD projects. the ability to delay the signing of contracts if didn't like something. such as giving eventually signed all of the contracts delayed. reiterated that throughout career told to hire It is fair to stood out from the other DWSD contractors in this vein, given say that relationship asked When reviewing proposed contracts who the subcontractors were and if knew would provide this information. was asked if was not a subcontractor, to which said could not ever questioned why on this?" recall. added that it "rings true" that would ask "why isn't and involvement in DWSD contracts characterized asking about as a pattern that occurred over the course of being the Special Administrator. commented that everyone knew that if you had FEI on a project there would be no questioning from the administration. Word was already on the street that if you gave work you wouldn't have problems with the awarding of the contract. was asked to clarify what problems would be to which replied that the issues didn't come from but from heard from contractors that had a direct line to the Mayor's Office. Based on these discussions was under the impression that contractors, such as asking why they didn't hire since was the Mayor's friend. was asked if there were any DWSD employees who caused problems for other contractors. explained that the Engineering Department had the biggest issues. All of the Department Directors were pressured by to fundraise for campaign, the Civic Fund and Next Vision. said was forced to fundraise and at first didn't that it was part of job to fundraise, saying that want to do so. told was an important person in the city as gave out a lot of contracts. agreed that position at the DWSD with ability and requirement to fundraise. The was equating knew in the Detroit area were DWSD contractors and thus is who only entities and people was expected to solicit when fundraising. called contractors from cell phone or home phone as knew was not supposed to use office phone. recalled raising funds for Next Vision and selling tickets to the Vision Awards which benefited the Next Vision fund. The tickets cost \$500 or more and the contractors told that this type of thing had learned of upcoming fundraiser events happened under prior Mayoral Administrations.

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from Emma Bell.



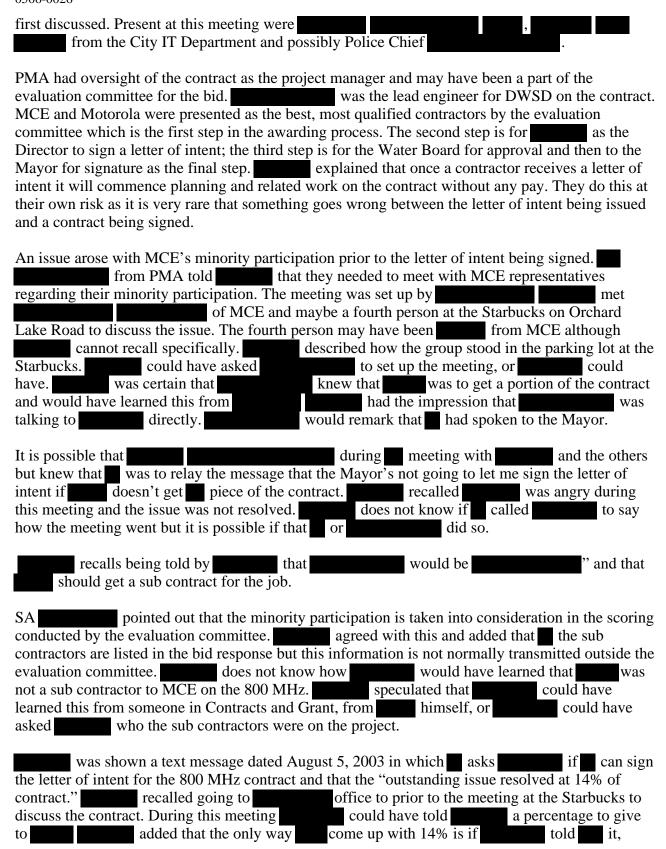
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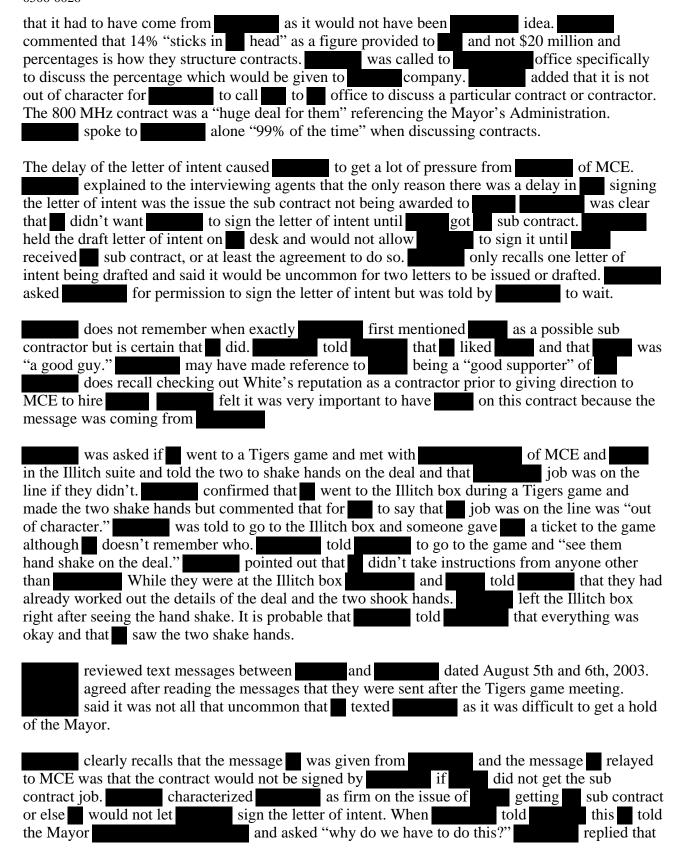
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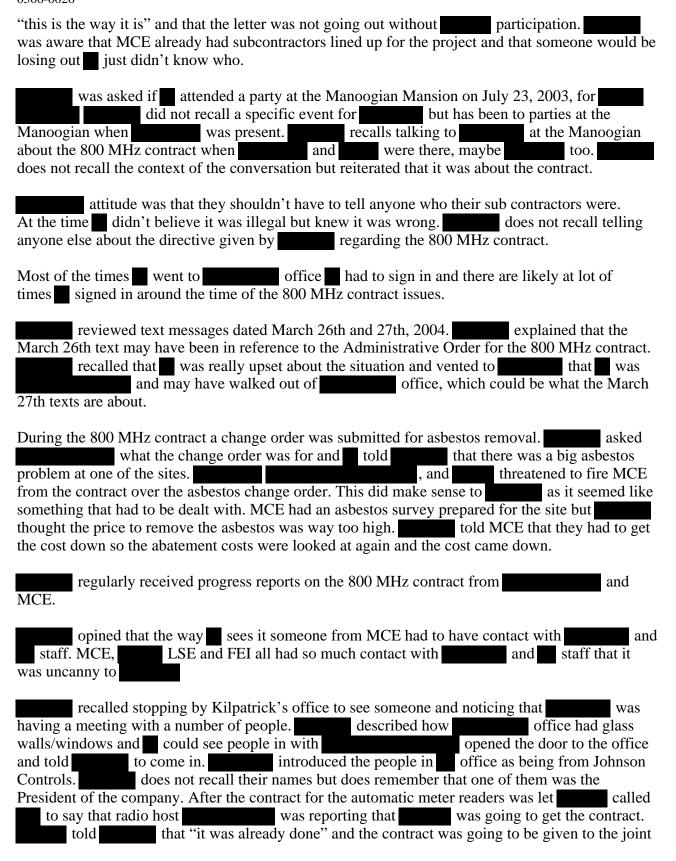
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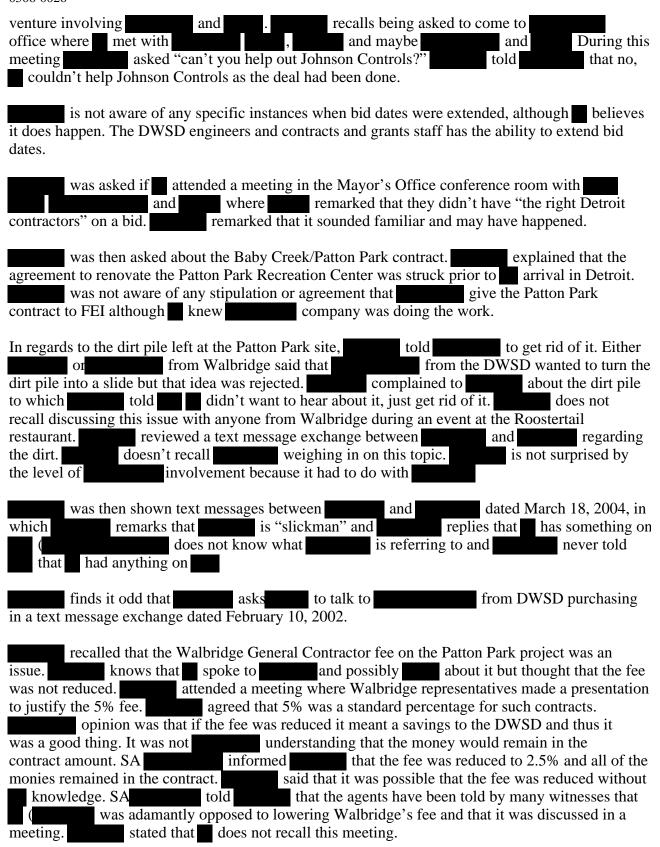
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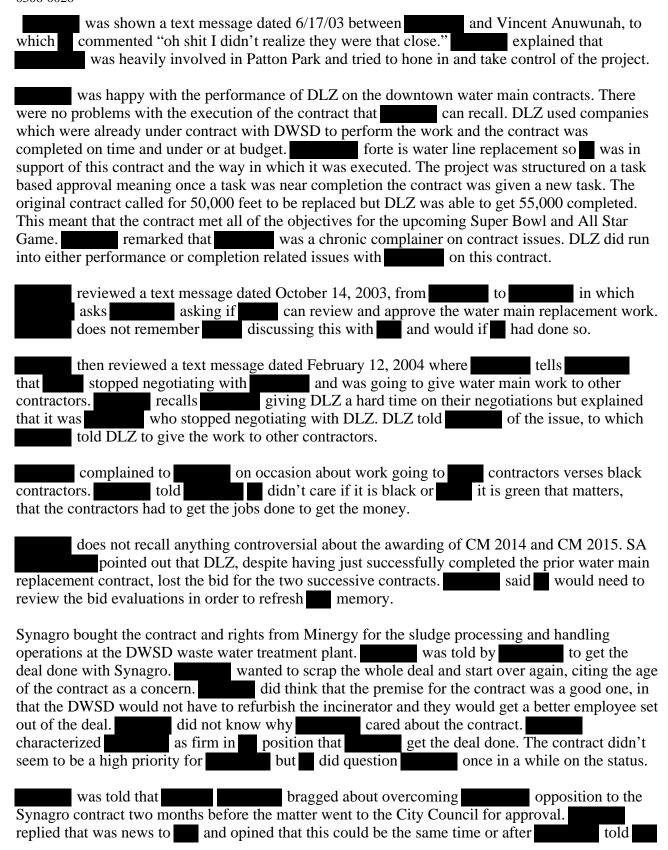
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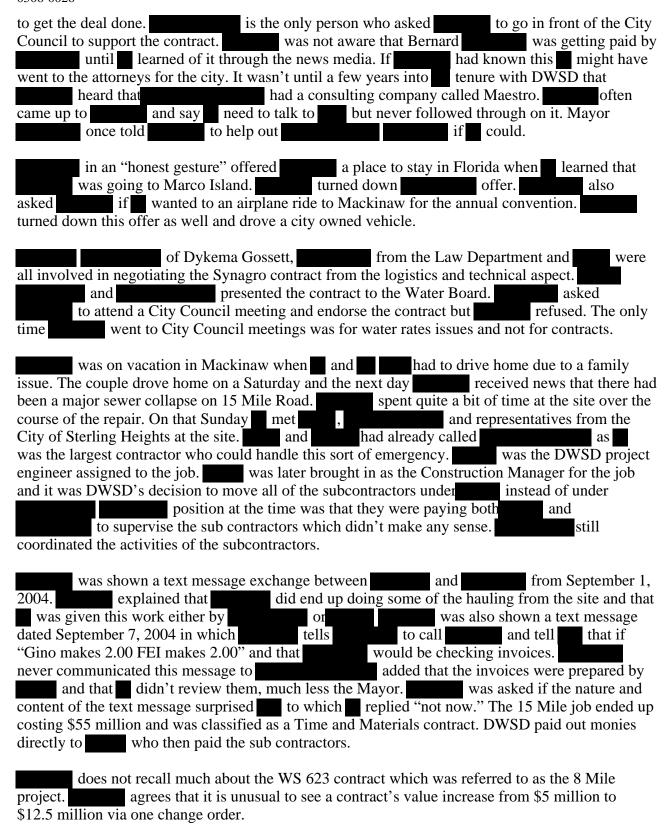
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Spoils from a sewer excavation can be used as backfill on site if they are not found to be contaminated. The cost for this is not bulleted out but is built into the pipe replacement unit pricing. All unused soils have to be disposed of or removed by the contractor. All contaminated soils must, by contract, be properly disposed of by the contractor.

was questioned about the DWSD contract 844A which was for security upgrades to
various DWSD facilities. recalled that the evaluation committee for originally
recommended MCE be awarded the contract but it was awarded to DFT.
would have to have a reason to accept or reject the recommendation of the evaluation committee
but could not recall what it was in this instance. was then shown a memo from
dated April 2004, including a handwritten note on the second page of the memo. After reading the
handwritten note stated that was why agreed to go against the recommendation of the
evaluation committee. said that trusted and if felt that it should not be
awarded to MCE then would have agreed with Regarding the "not what Board intend"
statement in the handwritten notes explained that it was referring to the way the contract
was written. told that the evaluation committee was playing favorites by awarding
the contract to MCE. did not know that was involved in the DFT joint venture.
did not question recommendation to reject the evaluation committee's
recommendation but looking at it now should have.
does recall talking to about the work schedule for the contract. was not
aware of that of Weiss Construction was asked to finish the portion of the contract with
FEI was supposed to have completed.
who has monies left in a contract to add work to it. does not remember calling
asking to complete the work on 844A. said was not aware that DFT failed to meet
their contract deadlines and that there work had to be repaired by another contractor.

The interview was concluded with the agreement to continue it at a later date.

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